GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:205
ANSWERED ON:07.08.2006
ACTION AGAINST HOARDERS
Sajjan Kumar Shri

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government has withdrawn the powers given to the State Governments for taking action against hoarders and speculators under the provisions of the Essential Commodities Act, 1955 through its orders in 2002;

(b) if so, the details and the reasons therefor;

(c) whether some States have requested the Union Government to review its decision in view of the rising prices; and

(d) if so, the reaction of the Union Government thereto?

Answer

MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a) to (d): A statement is laid on the table of the house.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF LOK SABHA STARRED QUESTION NO. 205 FOR 07/08/2006 REGARDING ACTION AGAINST HOARDERS

(a) & (b): The Central Government issued Notifications on 15.02.2002 and 16.6.2003 under the Essential Commodities Act, 1955 removing the licensing requirement, stock limits and movement restrictions on specified foodstuffs namely wheat, paddy/rice, coarsegrains, sugar, edible oilseeds, edible oils, pulses, gur, wheat products (namely maida, rava, suzi, atta, resultant atta and bran) and hydrogenated vegetable oil or vanaspati. With the issue of these orders, any dealer may freely buy, stock, sell, transport, distribute, dispose, acquire, use or consume any quantity of these commodities.

This decision was taken on the basis of recommendations of the Standing Committee of Ministers incharge of five Central Ministries and Chief Ministers of eleven States which was constituted pursuant to the Conference of the Chief Ministers on "WTO and Agriculture" held on 21/05/2001, and in conformity with the policy of the Government towards economic liberalization.

These Notifications, however, do not restrict the Central Government or the State Governments from operating the Public Distribution System (Control) Order, 2001 in respect of Public Distribution System (PDS) items, operation of the rice/paddy levy orders issued by the State Governments for the purpose of procurement of rice and regulating procurement and distribution of sugar.

(c) & (d): Some State Governments have raised concern over the rise in prices of essential commodities, particularly pulses, and also requested to review the notification dated 15.2.2002. Restoration of restrictions on stock limits and movement of foodgrains is not considered desirable as this would impede smooth distribution and retailing of agricultural commodities and recreate internal barriers to trade that will adversely impact farmers and agricultural production. It will also lead to a reversion to a regime of raids and inspector raj that would impede the process of agricultural reforms. Since price levels are determined by fundamental factors related to demand and supply of any item, restoration of these restrictions is not likely to bring down prices unless the supply position improves.